

Treasury Department,

Bureau of the Mint,

Washington, D. C., January 23, 1899

Hon. Geo. C. Perkins,

United States Senate.

Sir:

Your favor of the 26th instant, enclosing letter of Frank A. Leach, Superintendent of the Mint at San Francisco, and also letter from A. J. Ralston is at hand.

In regard to the coinage of nickels and cent pieces at San Francisco, as suggested by Mr. Leach, I would call your attention to Section 29, coinage act of 1873, which provides that the minor coins shall be made only at Philadelphia. Congressional action, therefore, would be required before we could carry out Mr. Leach's suggestion. If we had permission, we would doubtless avail ourselves of it to the extent of coining at San Francisco the nickels and pennies required for the Pacific Coast.

Referring to Mr. Ralston's letter, I note that he quotes a telegram from Seattle, stating that the rate on Government bullion from there to Philadelphia is \$2.25 per thousand. This is correct, and in accord with my statement to you. I mentioned to you, however, that

- 2 -

the Wells, Fargo Express Company had been transporting money (coin and paper) from San Francisco to New York for \$1.75 per thousand, and stated that in view of this fact, I regarded their rate of \$2.25 from Seattle to San Francisco excessive. Possibly this statement was confused with the rate from Seattle to Philadelphia, so as to convey the idea that I quoted the rate from Seattle to Philadelphia at \$1.75.

I beg to say that the question of where to ship the Seattle bullion, and in what manner to make payment for it is a perplexing problem, and no solution has, as yet, been offered, that does not involve either apparent discrimination in favor of one point against the other, or considerable additional outlay to the Government.

At present it is urged that San Francisco is discriminated against by reason of the fact that drafts on eastern sub-treasuries, with which payment is made at Seattle, are worth a premium, but I am satisfied that if we pay for the \$5,000,000. to \$10,000,000. worth of bullion that will probably be deposited there in three or four months or next season, by drafts on San Francisco, they will have to be sold by the depositor at a discount, which in turn will certainly raise the cry of discrimination against Seattle.

Section 3545 of the Revised Statutes provides that it shall

- 3 -

be the duty of the Secretary of the Treasury to keep in the Mints and at the Assay Office in New York, such an amount of money as he shall judge convenient and necessary, out of which those who bring bullion to the said institutions may be paid as soon as practicable after the value has been ascertained, the bullion thus becoming the property of the Government.

The act of June 19, 1878 extends the provisions of this section to all the assay offices. It would, therefore, appear that depositors have the right to demand money for the value of their bullion.

The Solicitor of the Treasury advises me that we have an undoubted right to pay by draft, if that is acceptable to the depositor, and we have pursued this method in order to save the cost of transporting public money. I trust that you understand that this policy has not been adopted at Seattle as a special favor to that point, but in the interest of the public treasury. Thus the deposits of the Seattle Assay Office from July 15th to January 1, 1898, aggregated \$5,634,852., and we saved \$12,676,000., by paying in drafts instead of in currency.

But while the depositors are ready to accept drafts worth par or a premium, they probably would protest against being paid in drafts which must be discounted, and appeal to the statute. For this reason, I do not consider the proposition to pay at Seattle by drafts

- 4 -

on San Francisco ,as practicable. If we change from our present method we must in my judgment, pay in currency. But if \$10,000,000. should come to the Seattle Office, in the coming season, as seems probable, it will cost us, at the rate asked by the Wells, Fargo Express Company on bullion, \$22,500., more to pay by this method, than by one we are now pursuing. This we are asked to spend ,to avoid the possibility that depositors at Seattle may make a slight premium on the eastern exchange they now receive.

Now we have no such amount of money available for additional transportation. The bill which carries our appropriation for the next fiscal year, and which has passed the House and is now pending in the Senate, gives us but \$50,000.00 for all transportation. If we are to undertake what is proposed, I must beg you, Senator, to get an additional appropriation for the purpose.

However, as I do not want to suggest that you attempt the impossible, I feel that remedy to be also impracticable. Permit me therefore, to suggest the only remedy I can think of .

If the Express Company would reduce its charge to a rate which, compared with the rate from Seattle to Philadelphia, or Wells, Fargo and Company's own rate from San Francisco to New York, would appear to be a fair one, allowing for the shorter distance, it could

- 5 -

take the bullion to San Francisco and money back for what it is now asking for carrying the bullion one way, and that would clear up the whole situation for us.

One word as to the stock of bullion at Philadelphia. It is true that we have a large amount on hand, but there is no immediate occasion for its coinage. It has been the custom in the past, and may well be in the future, to carry a large part of the \$100,000,000. gold reserve in bullion. There is no prospect of an encroachment on this reserve. Furthermore it is necessary to keep a stock of bars, as they are in constant demand. Most of the gold wanted for export is taken in bars.

The letters of Messrs., Leach and Ralston are returned herewith.

Respectfully yours,



Director of the Mint.

5.